

## Small Business Utilization Council Meeting

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### MINUTES OF REGULAR MEETING

August 4, 2008

No. 1 Capitol District Building – Conference Room 436

1. Call to Order – Chair Liu called the meeting to order at 1:06 p.m., with a meeting quorum present.

#### MEMBERS PRESENT:

- Theodore E. Liu
- Russ K. Saito
- Brennon Morioka
- William Takaba
- Wallace Rezentes, Jr.
- Mary Patricia Waterhouse

#### ATTENDEES:

- Justin Fo
- Pearl Imada-Iboshi
- Robert Shore

#### ABSENT MEMBERS:

- Aaron Fujioka
- Kalbert Young

2. Approval of March 3, 2008, April 7, 2008 Minutes and May 5, 2008 Minutes – The March 3, 2008, April 7, 2008 and May 5, 2008 Minutes were approved as presented.
3. Discussion and recommendation to the Procurement Policy Board for the modification to HAR Chapter 3-124-71(a) from (5) Non-voting Member – Administrator of the State Procurement Office to a voting member of the Small Business Utilization Council – Vice Chair Saito explained that changing the Administrator of the State Procurement Office's status from a non-voting member to a voting member would be beneficial and was unaware of the purpose to have the Administrator of the State Procurement Office as a non-voting member except for possible conflict of interest reasons. Upon review, Vice Chair Saito recommended that subject to there being no conflict of interest, that a memorandum be sent to the Procurement Policy Board requesting approval to modify HAR Chapter 3-124-71(a)(5) to reflect that the Administrator of the State Procurement Office become a "voting" member of the Small Business Utilization Council; the members unanimously agreed.
4. Discussion and recommendation to the State Procurement Policy Board for targeted areas of sectors or geographic areas for set-asides and/or subcontracting – Mr. Robert Shore, Branch Chief in DBEDT's Research and Economic Analysis Division (READ), distributed and discussed the handout entitled "Targeting Small Businesses in Emerging Industries for Contracting Preference/Set Asides." He discussed that targeted industries were determined through a statewide comprehensive economic development strategy process by the county economic development boards and by DBEDT. From this list, specific industries that look especially interesting include custom computer programming, and motion picture and video industries. He provided information on the number of firms and employees in these industries in Hawaii as well as total and average wages. Member Rezentes questioned whether the data was available by County, and Member Morioka questioned if such data for engineering consultants was available; Mr. Shore will prepare materials on both of these for the next meeting.

Mr. Shore also discussed possible geographic preferences and presented maps that identified three areas of high relative poverty including Waianae Coast, the Island of Molokai, and the Southern Coast of the Big Island. He explained that a geographic area is targeted through a small number of companies and by giving a preference only to a company based in a targeted area may not have much benefit. Chair Liu discussed the need to look at the renewable energy industry and performance contracting. Vice

Chair Saito stated that an alternative would be to require subcontracting. Chair Liu thanked Mr. Shore and noted that the information provided was very useful.

After much discussion, Mr. Morioka recommended that this Council submit a memorandum recommending that the Procurement Policy Board promulgate and adopt small business preference rules for set-asides and/or subcontracting in the geographically distressed areas of Waianae, Southern Coast of the Island of Hawaii (Kau, Puna), Hamakua Coast, and the Island of Molokai, in order to stimulate economic growth, and that consideration be made based upon the employment of the residents, the companies based there and the activities and projects to occur in these geographic areas, with an attachment of the report, "Targeting Small Businesses in Emerging Industries for Contracting Preference/Set-Asides" for reference; the members unanimously agreed.

Additionally, Member Morioka recommended that this Council submit a memorandum to the Procurement Policy Board recommending that the following industry sectors shall be adopted as targeted areas for set-asides or subcontracting - customer computer programming/software development and alternative/renewal energy; the members unanimously agreed.

5. Discussion of questions posed by State agencies regarding Executive Memorandum 08-02 - Chair Liu presented the list of questions posed by State agencies and explained that DBEDT did not have enough staff with procurement knowledge to handle the questions. Vice Chair Saito volunteered to work with the State Procurement Office, Hawaii Procurement Institute, and Small Business Administration (SBA) in answering the questions and setting up a training program. Chair Liu noted that the SBA is a good resource for training and Vice Chair Saito estimated that training expenses may run up to \$50,000. Chair Liu and Member Morioka will look into funding a budget to assist in hiring a consultant for procurement training for the small business preference set-aside program and potentially for crafting administrative rules. County members indicated that they would be willing to help pay for sending people to procurement training classes to defray some of the expenses.
6. Public Input and Discussion – There was no public input.
7. Next Meeting: Monday, September 8, 2008, No. 1 Capital Building, Director's Office 5<sup>th</sup> Floor Conference Room, 1:00 to 3:00 p.m.
8. Adjournment – Chair Liu adjourned the meeting at 2:26 p.m.